

Message Text

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11

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 NIC-01 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 SAM-01 SAJ-01 IO-14 AID-20 OMB-01

TRSE-00 ACDA-19 DRC-01 /177 W
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R 201026Z JUL 74

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC 2105

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY MOSCOW

AMEMBASSY NAIROBI

C O N F I D E N T I A L MOGADISCIO 1150

E.O. 11652: GDS

TAGS: PFOR EAID SO UR

SUBJ: PODGORNYY VISIT: ECONOMIC ASSISTANCE

1. SUMMARY: SOVIETS ALLEGEDLY AGREED DURING PODGORNYY VISIT (MOGADISCIO 1112) TO EXTEND LIMITED AID TO SOMALIA TO MEET HIGHER PETROLEUM COSTS. WHILE SOVIET AMBASSADOR TELLS US NUMBER OF PROTOCOLS WERE SIGNED DURING VISIT, THEY HAVE NOT BEEN PUBLISHED AND THIS IS ONLY ASSISTANCE AGREEMENT WHICH HAS BEEN REPORTED TO US TO DATE. END SUMMARY.

2. WHILE SOMALIA DOES NOT RPT NOT USE MUCH PETROLEUM, ITS INCREASING COST HAS BEEN DRAIN ON SOMALI TREASURY. SOVIETS, WHO SUPPLY SOMALIA WITH OIL FROM PERSIAN GULF, HAVE APPARENTLY KEPT PRICES AT WORLD MARKET LEVEL. GSDR HAS NOT RPT NOT PASSED ON FULL INCREASE IN COSTS TO THE SOMALI CONSUMER. WE UNDERSTAND FROM RESPONSIBLE OFFICIAL IN SOMALI PETROLEUM AGENCY THAT GOVERNMENT SUBSIDY EXPECTED TO AMOUNT TO 24 MILLION SHILLINGS (ROUGHLY 4 MILLION DOLLARS) THIS YEAR.

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3. ACCORDING TO THIS SAME SOMALI OFFICIAL, SOMALIS HAD, PRIOR TO PODGORNY VISIT, UNSUCCESSFULLY SOUGHT TO HAVE SOVIETS ASSUME BURDEN OF THIS SUBSIDY AND/OR PAY FREIGHT CHARGES. SOMALIS DECIDED TAKE OCCASION OF PODGORNY VISIT TO PRESS THEIR CASE ONCE AGAIN. RESULT WAS REPORTEDLY SOVIET AGREEMENT TO GRANT SOMALIA THREE MILLION RUBLES AS PARTIAL COMPENSATION FOR HIGHER POL PRICES. SOVIETS REPORTEDLY ALSO AGREED TO PROVIDE SOME 50 THOUSAND TONS OF POL FREE OF CHARGE FOR ARMED FORCES USE OVER NEXT THREE YEARS. SOMALIS ALLEGEDLY SOUGHT IMMEDIATE DELIVERY OF THIS POL, HOPING TO GAIN IMMEDIATE REVENUE BY SELLING IT TO NON-MILITARY CUSTOMERS AND THEN MEET ARMY'S MINIMUM NEEDS FROM REGULAR OIL IMPORTS OVER NEXT THREE YEARS. SOVIETS ALLEGEDLY SAW THROUGH THIS PLOY, HOWEVER, AND STATED THEY WOULD DELIVER POL TO ARMED FORCES IN SMALL QUANTITIES EVERY TWO OR THREE MONTHS. (SOVIETS HAVE CONSISTENTLY KEPT SOMALI ARMED FORCES ON SHORT FUEL TETHER.)

4. THERE HAS BEEN NO ANNOUNCEMENT OF THIS REPORTED SOMALI-SOVIET AGREEMENT, BUT SOVIET AMBASSADOR TOLD US NUMBER OF PROTOCOLS HAD BEEN SIGNED DURING PODGORNY VISIT. WHETHER THESE WOULD BE MADE PUBLIC WOULD, HE SAID, DEPEND ON GSDR. HE ALSO SAID HE HAD TO REPORT URGENTLY TO PODGORNY IN MOSCOW ON NUMBER OF REQUESTS FOR ASSISTANCE RAISED BY SOMALIS ON WHICH DECISIONS HAD NOT YET BEEN TAKEN DURING VISIT. HE INDICATED THAT FANOLE DAM (MAJOR CURRENT SOVIET AID PROJECT) WAS NOT YET COVERED IN ANY NEWLY-SIGNED AGREEMENT. HE OBSERVED THAT THERE WAS NO NEED TO DO SO, AS NECESSARY AGREEMENT HAD BEEN SIGNED IN 1971. THIS IS CORRECT, BUT SOMALIS DOUBTLESS HOPED PODGORNY VISIT WOULD ACCELERATE WORK ON THIS SLOW-MOVING PROJECT.

PODGORNY DID NOT YET VISIT FANOLE, APPARENTLY BECAUSE TRIP WOULD HAVE TAKEN FIVE HOURS BY LAND ROVER AND SOVIETS DID NOT YET TRUST SOMALI HELICOPTERS. HIS FAILURE TO VISIT SITE, PLUS RELATIVELY LOW PROMINENCE GIVEN FANOLE IN PUBLIC SPEECHES DURING VISIT HAVE, WE UNDERSTAND, CONFIRMED POPULAR SUSPICION THAT SOVIETS NOT YET REALLY INTERESTED IN THIS PROJECT.

5. PUBLIC IMPRESSION OF PODGORNY VISIT AS WHOLE SEEMS PRETTY NEGATIVE. RUSSIANS ARE NOT YET POPULAR HERE, AND THERE WAS APPARENTLY CONSIDERABLE DISSATISFACTION AT SEEMING LACK OF CONFIDENTIAL

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TANGIBLE BENEFITS FROM PODGORNY TRIP. WE UNDERSTAND MANY POSTERS WITH PODGORNY'S PICTURE WERE TORN DOWN AND OTHERS DEFACED. PUBLIC ENTHUSIASM FOR HIGH-LEVEL VISITORS IS LIMITED AT BEST HERE, BUT RECEPTION ACCORDED PODGORNY WAS NOTABLY LESS ENTHUSIASTIC THAN THAT FOR AFRICAN LEADERS AT OAU SUMMIT IN EARLY JUNE.
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